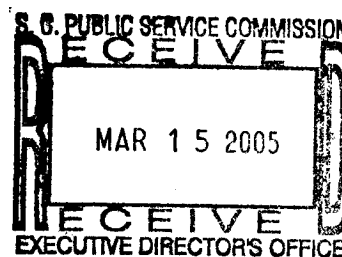


March 10, 2005



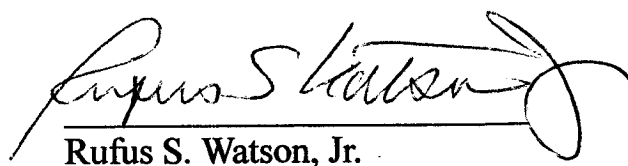
Charles L. A. Terreni, Esq.
Chief Clerk and Administrator
South Carolina Public Service Commission
101 Executive Center Drive
Columbia, SC 29210

RE: Docket No. 2005-15-C

Dear Mr. Terreni:

Enclosed please find twenty-five copies of the testimony of Rufus S. Watson, Jr., a party of record in the subject Docket. By copy of this letter I am serving all parties of record as of this date of mailing.

Sincerely,



Rufus S. Watson, Jr.

RSW/aj

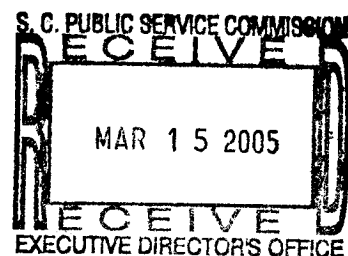
Enclosures

173148

BEFORE
THE PUBLIC SERVICE COMMISSION
OF
SOUTH CAROLINA

POSTED
D3-1605

DOCKET NO. 2005-15-C



IN RE:

Generic Proceeding to Address)
The Appropriate Classification or)
Rate Structure for Telephone Lines)
Located in Elevators and for)
Telephone Lines located in)
Proximity to Swimming Pools)

Statement of
Rufus S. Watson, Jr.

This proceeding was generated by the proceeding in Docket No. 2003-221-C, which Docket is incorporated herein and made a part of this statement. The inquiry in this proceeding is broader in scope than the issues raised in Docket No. 2003-221-C. In the latter proceeding the undersigned, a member of the Bay Meadows Homeowners Association (HOA), on December 27, 2002 filed a complaint with The Public Service Commission of South Carolina (Commission) alleging that the higher business rates charged by Horry Telephone Cooperative (HTC) for phone service in the HOA's seven elevators and its pool was unjust and unreasonable, in violation of 58-9-210 of The South Carolina Code.

In the complaint and in testimony at the hearing it was alleged that:

1. HOA property is limited to residential use;
2. The HOA conducts no business activity;
3. The phones in question are required by State law;

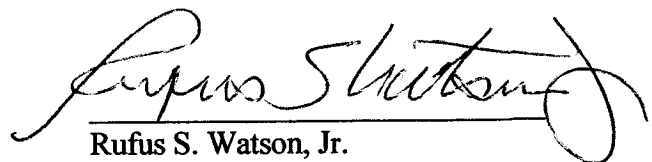
HEARD DATE: OK
SERVICE: ABD

4. The phones in question are rarely or never used and have no interstate access; and
5. The rates charged by Horry Telephone Cooperative are unjust and unreasonable.

HTC contends that its rates are not based on usage. No rationale is given for its two- tiered rate structure. Is the distinction between residential and a higher business rate an assumption that businesses will absorb a higher rate (what the traffic will bear)? Again, the HOA is not a business. Is it just and unreasonable to charge a higher rate just because it is presumed that the customer can afford it? For an expanded discussion of the appropriateness of these rates, note my testimony in Docket No. 2003-221-C, copy attached.

Since this matter has been pending for over two years it is hoped that it will be quickly concluded.

Respectfully Submitted,



Rufus S. Watson, Jr.

BEFORE

THE PUBLIC SERVICE COMMISSION OF SOUTH CAROLINA

Docket No. 2003-221-C

TESTIMONY OF COMPLAINANT

Pursuant to the Commission's Order of October 22, 2003, enclosed are twenty-five copies of this, the direct Testimony of Complainants Rufus S. Watson, and Bay Meadows Homeowner's Association. Two copies of this testimony have simultaneously been sent by United States Post Office mail to the Respondent, HTC.

The Commission's Order of October 22, 2003 notes that in response to the Complaint an informal proceeding was scheduled by Commission Staff in an attempt to resolve this matter, but that Complainant requested to proceed to a hearing. For six months prior to filing the Complaint, I discussed this issue with Respondent, HTC. HTC responded to my Complaint by stating in effect: (1) We always do it this way; (2) other phone companies in the State do it this way; (3) and the rates were approved by the Commission. My response was: (1) you always did it wrong; (2) if other phone companies followed the same practice they did it wrong; and (3) that the Commission in approving HTC's rates, had no idea that HTC would apply the higher business rate to phones rarely or never used or would apply an interstate access charge to phones which could not be used to make interstate calls. This fact was verified by a long time employee of the Commission.

The informal proceeding would involve a meeting between the parties, and Commission staff who would have no authority to take a position on the issue. Under these circumstances I felt that it would be useless to proceed informally and requested that the matter be brought before the Commission.

I have also noted the caution directed to me by the Commission for failure to follow a Commission's Order. Enclosed are copies of charges to Bay Meadows phones for April, May and June 2003, and a copy of my personal phone bill for October, 2003. My phone gets normal use. The Bay Meadow's phones are rarely to never used, yet the latter charges are significantly higher. The Bay Meadows' phones have limited service and are "emergency" phones. In its five (5) years of existence I've only heard of a couple of instances where the elevators failed to operate, and I'm not sure the elevator phones were used. The pool phone is visible from my front door. I have not seen or heard of any emergency at the pool. HTC has acknowledged that the Bay Meadows' phones are little used.

To this day I do not know what additional facts are needed to enable the Commission to decide the issues. It would have been a great public service to the parties and to the State,

if the Commission indicated or even hinted as to what facts need be elicited to enable it to make a decision. It certainly would have been with the spirit if not the letter of the State's Administrative Procedure Act. If the October 22, 2003 Order specified what facts are contested and what facts does the Commission need to make a decision. In deciding not to file testimony for the October 30th hearing, I meant no disrespect to the Commission. I honestly felt then, and feel now that no additional facts are needed.

BUSINESS RATES

On what basis does HTC classify Bay Meadows as a business? Did it find that Bay Meadows is engaged in the sale of goods and services? (See P2 of HTC's current directory). Or, as one HTC employee stated, that since the phones are not in the name of an individual for billing purposes, it gets the business rate. It has no business license. Bay Meadows HOA does not engage in any business or commercial activity. It is clear that HTC distinction between residential and business rates is usage. Section 234 b.(3) of the HTC's current tariff provides that business rates apply for "Residence locations when the customer has no regular service and the continued, recurring use of the service over and extended period of time...can be considered as more of a business than of a residential nature." (emphasis added) In other words, if a residential phone is used more than a normal residential phone it gets the business rate. I don't think HTC can say this about Bay Meadows' phones. (See HTC directory-businesses – Bay Meadows is not listed) In fact the phones are there in cases of emergency in connection with the owners going to and from their residences. At the very least even applying HTC's approved tariff, the phones qualify for the residential rate. But since these phones are used less, if at all, than that of a normal residential phone, a lower classification needs to be established for this class of phones.

JUST AND REASONABLE

It is clear that state law requires telecommunication rates to be just and reasonable. By implication the Commission cannot condone rates which are unjust and unreasonable. What is just and reasonable? Reasonable people can reasonably disagree as to what's just and reasonable. It is noted that at no time has Respondent stated that applying the higher business rate, and applying access charge to phones that cannot be used to make interstate calls, is just and reasonable.

I do not have access to a law library. I have no idea what courts have decided just and reasonable means. I am confident that whatever courts have decided the issue boils down to "fairness". Is it fair to allow the described HTC practices, or even consistent with the public interest, (a term that I am a little more familiar with)? I believe that fair-minded people would find it "unfair" and inconsistent with the public interest.

Clearly the Commission has an interest in Respondent's financial viability. While Respondent took a hit in the stock market according to its 2003 Annual Report, Respondent earned \$2.9 million in operations. The relief sought in this Complaint, if granted, may result in the loss of a thousand dollars a year by Respondent, but far less than the legal fees incurred to maintain this egregious practice of unfair rates, but result in significant savings to Complainant, offsetting recent increases in insurance costs.

In conclusion I ask that the Commission grant the relief sought and any other relief the Commission deems appropriate in the public interest.

Respectfully submitted

Rufus S. Watson

CERTIFICATE OF SERVICE

The undersigned does hereby certify that he has served the below listed parties with a copy of the Statement of Rufus S. Watson, Jr. by mailing a copy of same by regular mail with sufficient postage affixed thereto:

PARTIES SERVED:

John F. Beach, Esquire
Ellis, Lawhorne & Sims, PA
P. O. BOX 2285 ✓
Columbia, SC 29202

Stan Bugner
Verizon South, Inc.
1301 Gervais Street, Ste. 825
Columbia, SC 29201

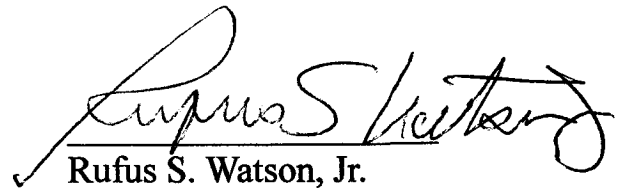
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Office of Regulatory Staff
Legal Department
P. O. Box 11263
Columbia, SC 29211

March 10, 2005



Rufus S. Watson, Jr.